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MAR 2 1999

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

EX PARTE

March 2, 1999

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
The Portals
445 12th Street, SW, TW-A325
Washington, D.C. 20554

RE: CC Docket Nos. 96-262, 94-1 and RM 9210

Dear Ms. Salas:

Today, representatives of Sprint Corporation met with Paul Gallant of Commissioner Tristani's staff to discuss Sprint's position in the above referenced proceedings. Representing Sprint Corporation were Jay Keithley, Jim Sichter and Joni Siplon.

Sprint requests that this information be made a part of the record in this matter. Five copies of this letter, in accordance with Section 1.1206(a)(1), are provided for this purpose. If you have any questions, please feel free to call.

Sincerely,



Melinda L. Mills

Attachment

cc: Paul Gallant

No. of Copies rec'd
List ABCDE

075

Sprint's Access Reform Proposal

Objective: Reduce interstate access charges to Forward Looking Economic Costs (FLEC)

Method:

- ◆ Maintain 6.5% productivity factor.
- ◆ Apply full annual reduction only to rate elements above FLEC.
- ◆ Cap CCLC revenues at growth in access lines.
- ◆ Focus current price cap performance review proceeding on identifying FLEC levels and determining appropriate transition.



Benefits of Sprint's Access Reform Proposal

◆ IXC's

- ❖ Access rates will come down faster than under the existing 6.5% productivity plan.
- ❖ TS access rates will be reduced to FLEC faster than under proposals to increase the productivity factor.

◆ LEC's

- ❖ Provides reasonable transition to FLEC.
- ❖ Ensures that access rates are not driven below FLEC.

◆ Consumers

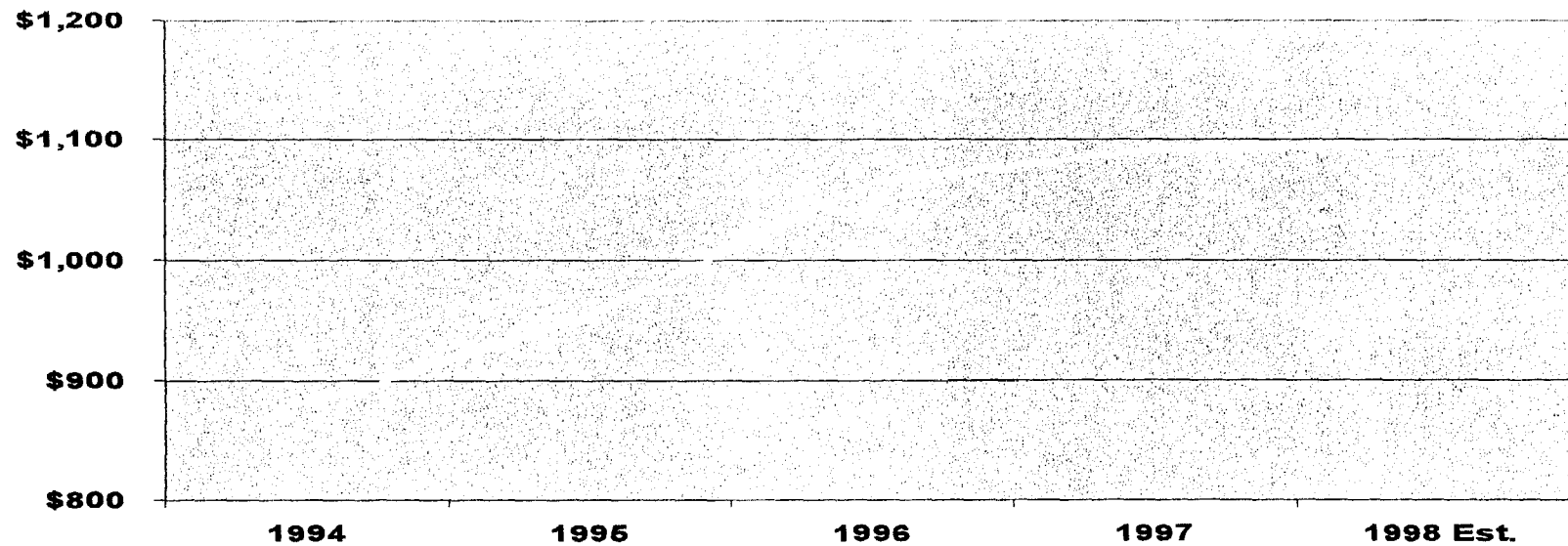
- ❖ Accelerated decreases in TS access rates will allow greater interstate toll rate reductions.



Sprint

Interstate Access REVENUES

(\$ in Millions)



	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998 Est.</u>
Revenues	879.6	953.3	1,062.9	1,091.0	1,095.4
		8.39%	11.50%	2.65%	0.40%
MOUs	16,303	17,644	19,631	20,914	22,641
		8.22%	11.26%	6.54%	8.25%
Access Lines	71,332	75,338	78,930	84,006	88,837
		5.62%	4.77%	6.43%	5.75%

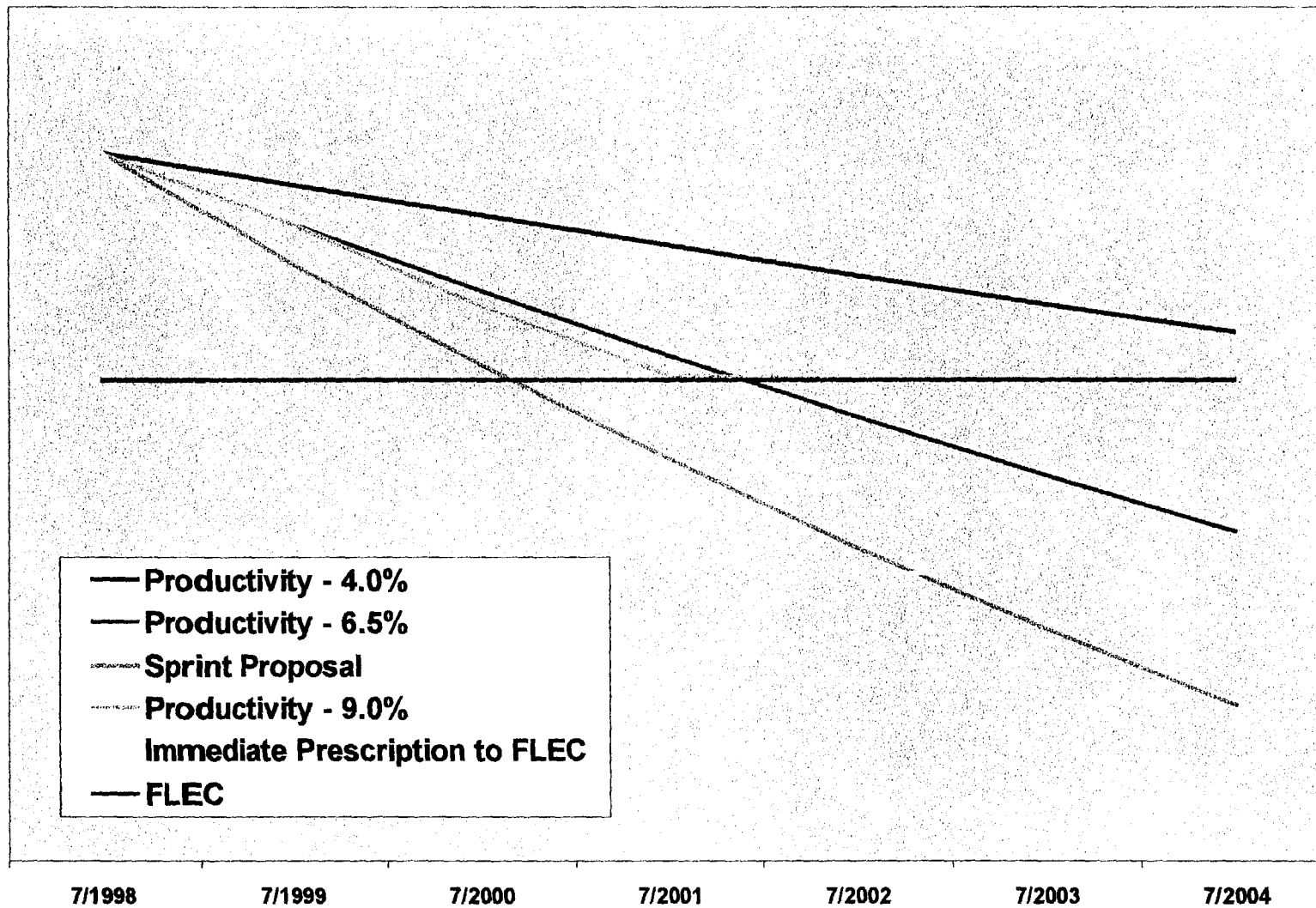
Price Cap LECs Interstate Access Rates

The graph illustrates the projected interstate access rates for Price Cap LECs from July 1998 to July 2004 under five different scenarios. The Y-axis represents the rate, and the X-axis represents time in years. The scenarios are:

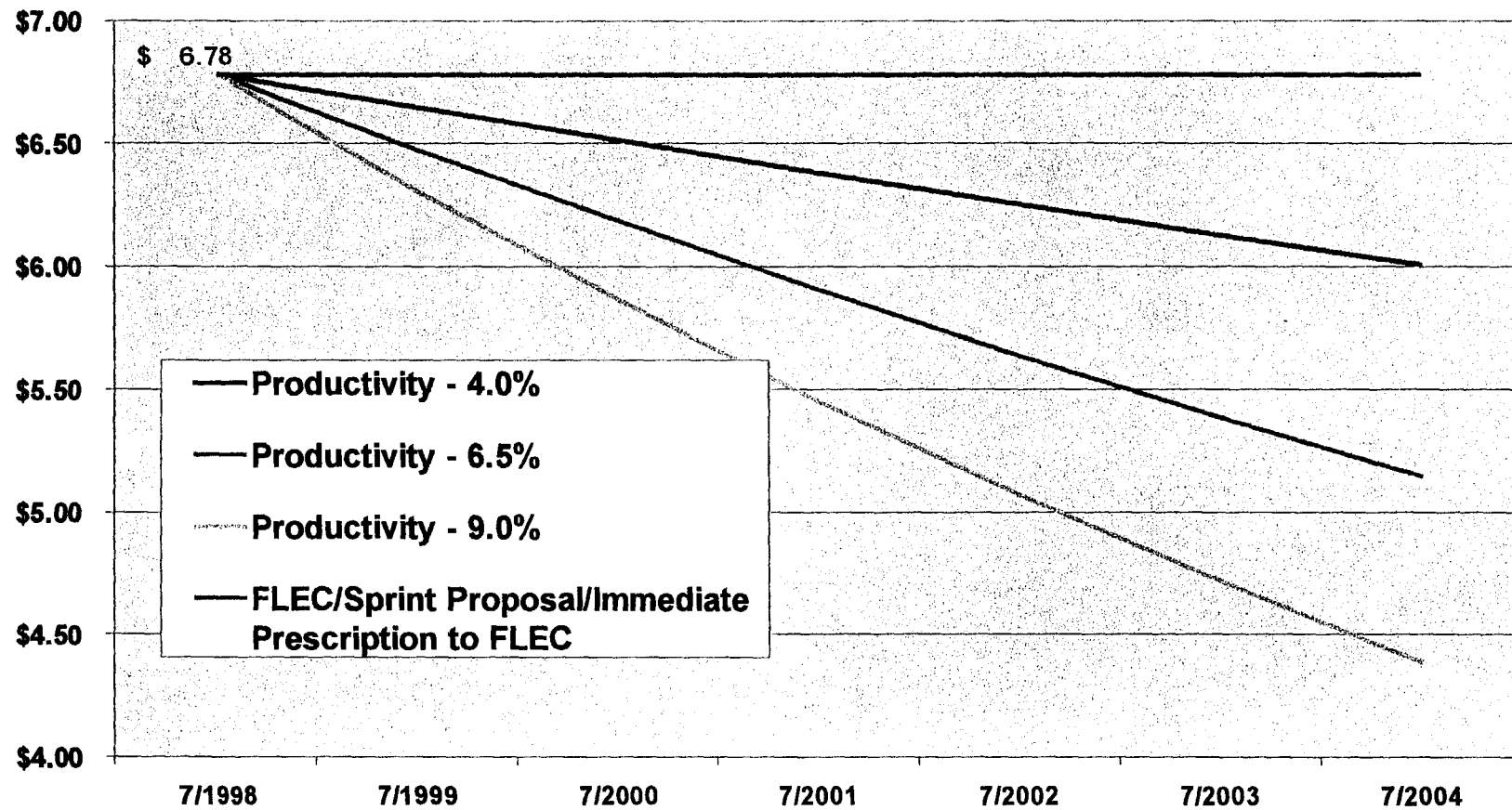
- Productivity - 4.0% (Top line, showing the highest rates)
- Productivity - 6.5% (Second line from top)
- Sprint Proposal (Flat line, indicating no change)
- Productivity - 9.0% (Fourth line from top)
- Immediate Prescription to FLEC (Bottom line, showing the lowest rates)

The Sprint Proposal and Immediate Prescription to FLEC scenarios result in a flat line, indicating no change in rates over time. The Productivity - 4.0% scenario shows the highest rates, while the Productivity - 9.0% scenario shows the lowest rates by 2004.

Year	Productivity - 4.0%	Productivity - 6.5%	Sprint Proposal	Productivity - 9.0%	Immediate Prescription to FLEC
7/1998	100	100	100	100	100
7/1999	96	93	100	93	100
7/2000	92	86	100	86	100
7/2001	88	79	100	79	100
7/2002	84	72	100	72	100
7/2003	80	65	100	65	100
7/2004	76	58	100	58	100



Price Caps LECs
Average Revenue per Line
For Non-Traffic Sensitive (NTS) Elements*

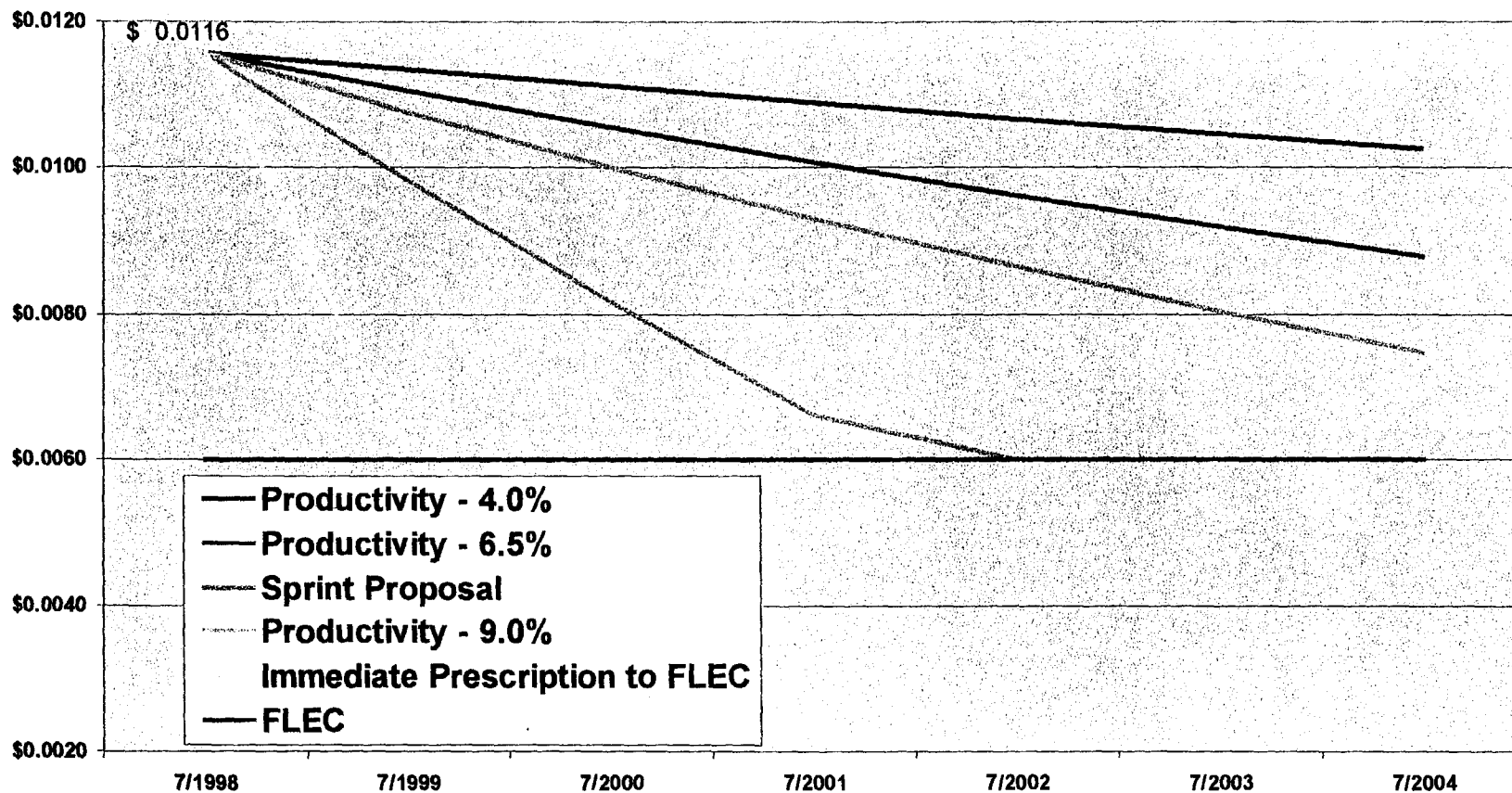


* Loop, NTS Switching, and Marketing Expense

Price Cap LECs

Revenue per Minute

For Traffic Sensitive Elements*



* Local Switching and Switched Transport